

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Human Resources	(2) MEETING DATE 10/6/2015	(3) CONTACT/PHONE Tami Douglas-Schatz, Human Resources Director 805-781-5959	
(4) SUBJECT Submittal of a Resolution amending the Position Allocation List for the Human Resources Department, Fund Center 112, to add two Principal Human Resources Analysts (2.0 FTE) to manage the HR Services and Labor Relations Divisions. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board approve the Resolution amending the Position Allocation List (PAL) for the Human Resources Department to add the positions of Principal Human Resources Analyst (2.0 FTE) to manage the HR Services and Labor Relations Divisions.			
(6) FUNDING SOURCE(S) FC 112 – Human Resources	(7) CURRENT YEAR FINANCIAL IMPACT \$140,454.00	(8) ANNUAL FINANCIAL IMPACT \$280,908.00	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW Leslie Brown			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Tami Douglas-Schatz, Human Resources Director
805-781-5959

DATE: 10/6/2015

SUBJECT: Submittal of a Resolution amending the Position Allocation List for the Human Resources Department, Fund Center 112, to add two Principal Human Resources Analysts (2.0 FTE) to manage the HR Services and Labor Relations Divisions. All Districts.

RECOMMENDATION

It is recommended that the Board approve the Resolution amending the Position Allocation List (PAL) for the Human Resources Department to add the positions of Principal Human Resources Analyst (2.0 FTE) to manage the HR Services and Labor Relations Divisions.

DISCUSSION

The Human Resources (HR) Deputy Director, who serves as the second level executive in the department, has announced her retirement effective December 2015 after a 34-year County HR career. This retirement elevates the urgency of addressing the inadequacy of the current HR management structure. Based on the current HR position allocations, the Deputy Director must manage 15 direct reports, the Labor Relations Division, the HR Services Division and HR technology initiatives without any intermediary supervisory positions. This structure is not sustainable, nor does it comply with the County's succession planning goals. Consequently, before attempting to find a successor for the Deputy Director position, two Principal positions are being requested to provide the proper management support both to the Deputy Director position and to the affected subordinate HR staff members.

SUCCESSION PLANNING

Based on the significant number of recent County retirements and separations, succession planning has been a critical organizational focus over the past few years. Since FY 2012-13, an average of 400 employees have exited each year; 100 of which are retiring, taking with them significant knowledge. The County will continue to replace a significant portion of employees over the next several years: 50% of county employees are eligible to retire and 30% of employees are likely to retire over the next few years. Each department experiences the impact of retirements at different times based on their particular demographics. Human Resources has experienced significant turnover in the past several years; 50% of HR staff have less than 2 years of experience in the department. As describe above, the HR department is also now experiencing the impact of the retirement of the Deputy Director who has performed and managed every HR function over her career.

The loss of this incumbent is significant. The current Deputy Director position is one of three management positions in the department, including the department head. The position is charged with 15 direct reports, including staff in the HR Services Division, responsibility for the Labor Relations Program, and oversight of HR Technology initiatives. In the HR Services Division, the Deputy Director manages technical and professional staff assigned to recruitment, selection, classification, and department business partner duties. This division has seen significant increases in workload and task complexity due to the demographically-driven wave of retirements and County program growth over the past few years. From FY 2012-13, there has been an ever increasing workload: hires increased from 363 to 457 employees; recruitments from 140 to 268; and applications from 7,700 to 11,900 annually. The Deputy Director is also the Labor Relations Program Manager, and as such develops and implements strategic and tactical operations for this division, attends dozens of negotiations each year, and oversees bargaining on 17 represented units in 9 different unions. As the County emerges from the economic recession, labor relations have become more complex and time consuming. The Deputy

Director also oversees the HR Information System branch of the department. In FY 201415, HR began a significant transition to new technology (NeoGov – applicant tracking, onboarding and performance management software and Corporate Executive Board Assessment Tools). Integration of these new technologies is changing the face and inner workings of HR, and drives a major initiative to create data-driven systems and solutions for our client departments. None of these divisions have supervisory or management staff. As a consequence of this workload and structure, many standard executive duties, such as implementing department-wide strategies, has been replaced with handling daily operations which should typically be handled by management positions. The lack of management positions also results in the HR Director performing many operations tasks, which detracts from the department head's primary role of outward facing strategic planning.

STRATEGIC MANAGEMENT AND SPAN OF CONTROL

While the aforementioned span of control for the Deputy Director is excessive by any standards, HR has to date been able to achieve some success because of the incumbent's years of experience in all aspects of Human Resources. It is highly unlikely that this vacancy can be filled to satisfy all of the roles currently fulfilled by the incumbent. More importantly, with regard to organizational planning, it is the County's goal to staff for efficient business practices and with proper succession planning and role assignment in mind.

Approval of this request will result in a sustainable management structure for the HR Department. This will be accomplished by the Deputy Director position directly managing the two Principal Analysts positions, along with the existing HR Information Systems unit. One Principal Analyst, the first line supervisory classification in HR allocated classifications, will be assigned to perform the duties described above for the Labor Relations Program. The second Principal Analyst will be assigned to perform the duties described above for the HR Services Division. Both Principal positions will report directly to the Deputy HR Director position. Adding these managers will support the Deputy Director's ability to spend proper executive time on management coaching and development, strategic planning, business partner relationships, and enculturation of visions, values, and methods throughout the organization. Additionally, the addition of the Principal positions will provide proper career paths and outcomes in terms of efficiency and accountability among the HR Services staff and operations.

Human Resources currently has one Principal Analyst allocated to the department. This position oversees the Risk Management Division, serves as the County Safety Officer, and supervises 4 staff members. Risk Management is structured with an effective staff to management ratio. The resulting effect is evident in the successful outcome of the Division's model Workers' Compensation, Liability and Safety programs, which consistently outperform the CSAC-EIA member pool by substantial margins. This request for two additional Principal Analysts anticipates the same objective for exceeding performance measures when appropriately and efficiently staffed.

Standard management practice suggests that a reasonable management span of control improves workplace efficiency and accountability. A reasonable span of control will vary based on the complexity of tasks one is supervising, the level of staff one is supervising, and the degree to which a manager self-performs portions of duties. In August of 2015, the Administrative Office analyzed the management-to-staff ratio of six counties of comparable size to those ratios in San Luis Obispo County. San Luis Obispo County Human Resources also applied this type of analysis to comparator counties, and arrived at conclusions that matched those of the Administrative Office: the average number of managers for a Human Resources organization comparable to that of San Luis Obispo County is .20, or 20%, which equates to 5 FTE. San Luis Obispo County presently falls short with a ratio of .11, or 11%, with 3 FTE (Department Head, Deputy, and Risk Manager). The current request for two additional managers (Labor Relations, HR Services) is aligned with other counties.

HUMAN RESOURCES ROLE IN COUNTY PROGRAMS AND INITIATIVES

Human Resources engagement and activity is required for every County program and initiative. As the County emerges from the recession and the 7 year pain plan, program change and growth has been consistent and is likely to increase. The County has recently undergone critical reorganizations and added staff in several departments to restore services sacrificed during the recession. Rebuilding the County's workforce, restructuring entire departments, and meeting County program changes in departments can only be accomplished with a fully functioning Human Resources Department. Every approved position and every service improvement approved by the Board is dependent upon Human Resources completing its mission. Approval of this request will result in an efficient and properly classified management structure to ensure timely, high quality collaboration between HR and client departments, to recruit, develop, and support the changing workforce.

INVESTING IN HUMAN RESOURCES IS INVESTING IN OVERALL COUNTY SUCCESS

In the recent past, Human Resources has requested, and your Board has supported, additional staffing at the administrative and paraprofessional levels of the organization. The basis for intentionally adding positions at these levels at that time was to ensure the maximum amount of efficiency for the appropriate level of work while also striving for the

most cost effective approach. The County has been well-served by the addition of these positions and HR has capitalized on these resources to maximize efficiencies countywide. Some of the more noteworthy HR Department accomplishments resulting from those additional resources include:

Implementation of Technology Solutions

- Implementation of the NeoGov Applicant Tracking system is now fully live with all training completed. Despite the simultaneous 23% increase in the number of recruitments conducted last year (from 218 to 268) and an almost 20% increase in the number of applications received (from 10,021 to 11,900), the average days to establish a list has been reduced by 25 days (from 69 days to 44 days) and average days to employee start date has been reduced by 73 days (from 165 to 92 days). This recruitment activity and application volume is expected to continue to increase.
- Standardized selection assessments have provided the ability to have on-line examination tools tailored for the recruitment and selection process, contributing to the reduction of recruitment cycles by an average of 10 days.
- Implementation of the NeoGov Onboarding module is also fully live which includes the automation of over 95 various new hire forms being utilized by departments countywide.
- The NeoGov performance management module is also fully live and will allow departments to utilize the automated competency-based evaluation process as they integrate this new technology over the next year. This new module provides management reports and allows the CAO and department heads to electronically cascade goals and monitor outcomes throughout the County.
- NeoGov dashboard data is currently in pilot production. Dashboards will be available once the performance management module is fully populated with department activity (December 2015) and will be utilized to drive decisions.

Labor Relations

Beginning in 2010, HR's labor relations program began bargaining with represented employee groups to implement three key Board initiatives:

- Second Tier Pension – Bargained / Third Tier Pension – State Pension Reform
 - Success Rate: All Units except 1 have a 2nd Tier / All Units have a 3rd Tier (25% of employees in Tiers 2 or 3)
 - Annual Savings: Tier 2 - \$2.2 Million / Tier 3 - \$4.7 Million
- Pension Cost Sharing – Bargained or Imposed
 - Success Rate: 100% (pending legal action by 2 unions)
 - Annual Savings: \$3.3 Million
- Elimination of Contractual Formulas for Wage Setting (Prevailing Wage Ordinance Interpretation)
 - Success Rate: 100%
 - Annual Savings: \$12.5 Million due to low/flat salaries for 5 years
- **Total Annual Savings = \$22.7 Million**

This year, we have fully implemented your Board's direction to bring all bargaining units into agreement to eliminate the cafeteria benefit cash out for new employees who decline the County's health coverage. This will be beneficial because more employees will be incentivized to retain County health coverage with the goal of arresting or reducing health care premiums over time.

OTHER AGENCY INVOLVEMENT/IMPACT

The Administration Office has analyzed the span-of-control of Human Resources management in comparable counties and supplied data to support this request.

FINANCIAL CONSIDERATIONS

The first year impact of this request, \$140,454, equals 6 months of salary and benefits for 2 FTE Principal Human Resource Analysts at Step 1. Human Resources will attempt to absorb this impact through salary savings in the current year. Human Resources will begin accruing salary savings upon the retirement of its long-serving Deputy Director in November 2015. Due to the time planned to recruit and fill this position, estimated salary savings equal \$101,000, bringing the first year cost of this request is between \$39,000 (if Principal positions are filled at step 1 of the salary range) and \$83,000 (at step 5). The annualized impact to the General Fund costs beginning in 2016/17 will be \$294,953.

To the extent departmental savings are not available to cover the amount, staff will recommend that your Board authorize a transfer of the deficit amount out of the General Fund Contingencies and/or reserves to the department's operating

budget, as needed, as part of the third quarter report. Third quarter is when many such year-end adjustments are made.

RESULTS

The Principal Analyst for Labor Relations and the Principal Analyst for HR Services will be responsible for managing related staff and key program deliverables:

Principal - Labor Relations

Program Scope:

- Collective Bargaining/Fact-finding/Impasse Procedures
- Compensation Administration and Salary Surveys
- MOU Administration and Communication
- Employee – Union Relations and Communication
- Employee Benefits

Expected deliverables for year one:

- Prepare and present a Labor Strategy Update to the Board of Supervisors
- Update the County Codes that are outdated and/or cause interpretative conflict with MOU language
- Create Labor and Benefits Countywide Communication Plan

Principal – HR Services

Program Scope:

- Recruitment/Testing/Selection
- Pre-placement (medical/background) Program
- Position Management
- Classification
- Department/Employee Advice
- Grievance/Appeal Management

Expected deliverables for year one:

- Update 20% of classification specifications
- Increase usage of Corporate Executive Board competency-based selection tools by 20%
- Identify Countywide payroll coordinator training needs and develop and offer highest need curriculum
- Implement internship website enhancements that will create a platform to improve partnerships with local colleges

Key outcomes of this request include creating an organizational structure with a proper management to staff ratio and enhancing the HR Director and Assistant Director's abilities to spend proper executive time on strategic planning, business partner relationships, management coaching and development, and enculturation of visions, values, and methods throughout the organization. Additionally, this request will create a proper management structure to support efficiency and accountability among the HR Services staff and operations, contributing to a well-governed community.

ATTACHMENTS

1. Position Allocation Resolution